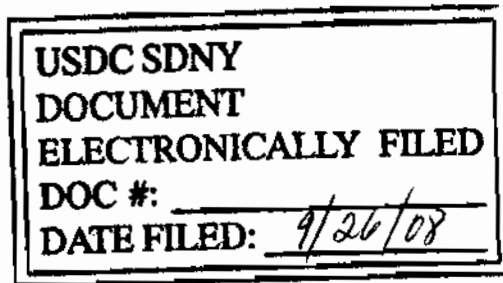


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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
RUDOLF ERB, et al.,

Plaintiffs,

-against-

THE REPUBLIC OF ARGENTINA,

Defendant.  
-----X

:  
:  
: 07 CV 11495 (TPG)  
:  
:  
:

: **[PROPOSED] ORDER**  
: **AND OPINION**  
:  
:

Plaintiffs are the beneficial owners of certain bond indebtedness issued by defendant, the Republic of Argentina. The Republic defaulted on such indebtedness in December 2001 during a profound fiscal crisis. Plaintiffs are suing to recover amounts due to them as a result of the default and have moved for summary judgment.

The motion is granted.

**FACTS**

The bond indebtedness at issue is governed by one of three agreements: (1) a Fiscal Agency Agreement dated October 19, 1994 (the "1994 FAA"), (2) a Floating Rate and Bond Exchange Agreement dated December 6, 1992 (the "FRB Agreement"), or (3) a Fiscal Agency Agreement dated December 10, 1993 (the "1993 FAA"). The 1994 FAA is the same agreement that governed the bond indebtedness on which this court granted summary judgment to the plaintiffs in Lightwater Corporation Ltd. v. Republic of Argentina, No. 02 Civ. 3804, 2003 WL

1878420 (S.D.N.Y. Apr. 14, 2003). Section 22 of the 1994 FAA, Section 6.07 of the FRB Agreement and Section 20 of the 1993 FAA, state that the Republic waives sovereign immunity and consents to jurisdiction in any state or federal court in the borough of Manhattan in the City of New York. All three agreements provide that the Republic's obligations on the bonds are unconditional and that failure to make any payment of principal or interest for 30 days after the applicable payment date constitutes an event of default. A declaration by the Republic of a moratorium on the payment of principal or interest on its public external indebtedness is an event of default as well. Paragraph 12 of the 1994 FAA provides for acceleration of principal if there is a failure to pay interest or a moratorium. If either of these events occurs,

each holder of Securities and such Series  
may by such notice in writing declare the  
principal amount of Securities of such Series  
held by it to be due and payable  
immediately . . . .

The terms and conditions of the bonds issued pursuant to the FRB Agreement permit acceleration of principal only by holders of at least 25% in aggregate of the outstanding principal amount of the bonds under the agreement.

On December 24, 2001 the Republic declared a moratorium on payments of principal and interest on the external debt of the Republic. The court refers to its previous opinions for a description of the circumstances of these defaults. Lightwater, 2003 WL 1878420, at \*2; Applestein v. Republic of Argentina, No. 02 Civ. 1773, 2003 WL 1990206, at \*1 (S.D.N.Y. Apr. 29, 2003). In or about December 19, 2007, plaintiffs sent notices to Bankers Trust Company, the Fiscal Agent of the Republic of Argentina, declaring the principal amounts of the debt securities governed by the 1994 FAA and the 1993 FAA to be immediately due and payable.

The bonds that are the subject of this action are listed hereafter. Also listed are the amounts of the beneficial interests owned by each plaintiff.<sup>1</sup>

The following tables contain the necessary identifying information regarding each plaintiff's beneficial interests in bonds.

Table 1.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	RUDOLF ERB and CHRISTA ERB
<u>Face Value:</u>	U.S. \$20,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114AH34 CUSIP No. 040114AH3
<u>Date Of Issuance:</u>	December 20, 1993
<u>Date Of Maturity:</u>	December 20, 2003
<u>Interest Rate/Payable:</u>	8.375 %
<u>Date Of Purchase:</u>	Before December 21, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of December 10, 1993 (the "1993 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from Direktanlage at AG, dated March 28, 2008.

<sup>1</sup> The court notes the distinction between bonds and beneficial interests. In some previous opinions, the court has simply referred to the plaintiffs as owners of "bonds," when in fact plaintiffs are technically owners of "beneficial interests in bonds." The Republic actually issues "a bond" to a depository. The depository, in some form, issues "participations" to brokers, who sell "beneficial interests" to purchasers. These beneficial interests are identified by reference to the underlying bond (CUSIP or ISIN number or both; date of issuance and maturity; rate of interest) and the principal amount of the beneficial interest. This distinction is discussed more fully in Million Air Corp. v. Republic of Argentina, No. 04 Civ. 1048, 2005 WL 256126 (S.D.N.Y. Oct. 17, 2005).

Table 2.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	RUDOLF ERB and CHRISTA ERB
<u>Face Value:</u>	U.S. \$41,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114FC91 CUSIP No. 040114FC9
<u>Date Of Issuance:</u>	March 15, 2000
<u>Date Of Maturity:</u>	March 15, 2010
<u>Interest Rate/Payable:</u>	11.375 %
<u>Date Of Purchase:</u>	Before December 21, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from Direktanlage at AG, dated March 28, 2008.

Table 3.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	CESARE DE IULIIS and MIRTA BEATRICE MANDOLINO
<u>Face Value:</u>	U.S. \$124,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114AR16 CUSIP No. 040114AR1
<u>Date Of Issuance:</u>	January 30, 1997
<u>Date Of Maturity:</u>	January 30, 2017
<u>Interest Rate/Payable:</u>	11.375 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from Antonveneta ABN AMRO, dated December 31, 2007.

Table 4.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	EDUARDO HECTOR SORROCHE, SUSANA ALICIA COSTA, DIEGO MARCOS SORROCHE and VERONICA SORROCHE
<u>Face Value:</u>	U.S. \$388,000 (remaining value \$217,280)
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. XS004312023
<u>Date Of Issuance:</u>	March 31, 1993
<u>Date Of Maturity:</u>	March 31, 2005
<u>Interest Rate/Payable:</u>	Floating Interest Rate
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	n/a
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Floating Rate and Bond Exchange Agreement, dated December 6, 1992
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from ABN AMRO Bank, dated April 11, 2008.

Table 5.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	SILVIA BEATRIZ OVEJERO and DAVID DE LAFUENTE
<u>Face Value:</u>	U.S. \$30,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114AH34 CUSIP No. 040114AH3
<u>Date Of Issuance:</u>	December 20, 1993
<u>Date Of Maturity:</u>	December 20, 2003
<u>Interest Rate/Payable:</u>	8.375 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of December 10, 1993 (the "1993 FAA")
Evidence of Ownership Proffered: (Account Statements; Letters; Notarized Statements, etc.)	Account statement from UBS Financial Services Inc., dated March 31, 2008.

Table 6.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	SILVIA BEATRIZ OVEJERO and DAVID DE LAFUENTE
<u>Face Value:</u>	U.S. \$155,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114AN02 CUSIP No. 040114AN0
<u>Date Of Issuance:</u>	October 9, 1996
<u>Date Of Maturity:</u>	October 9, 2006
<u>Interest Rate/Payable:</u>	11 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
Evidence of Ownership Proffered: (Account Statements; Letters; Notarized Statements, etc.)	Account statement from UBS Financial Services Inc., dated March 31, 2008 and account statement from Merrill Lynch, dated March 31, 2008.



Table 7.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	SILVIA BEATRIZ OVEJERO and DAVID DE LAFUENTE
<u>Face Value:</u>	U.S. \$55,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114BE93 CUSIP No. 040114BE9
<u>Date Of Issuance:</u>	April 7, 1999
<u>Date Of Maturity:</u>	April 7, 2009
<u>Interest Rate/Payable:</u>	11.750 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from Lehman Brothers, dated March 31, 2008.

Table 8.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	SILVIA BEATRIZ OVEJERO and DAVID DE LAFUENTE
<u>Face Value:</u>	U.S. \$405,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114GG96 CUSIP No. 040114GG9
<u>Date Of Issuance:</u>	June 19, 2001
<u>Date Of Maturity:</u>	June 19, 2018
<u>Interest Rate/Payable:</u>	12.25 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from Lehman Brothers, dated March 31, 2008.

Table 9.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	SILVIA BEATRIZ OVEJERO and DAVID DE LAFUENTE
<u>Face Value:</u>	U.S. \$51,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114GH79 CUSIP No. 040114GH7
<u>Date Of Issuance:</u>	June 19, 2001
<u>Date Of Maturity:</u>	June 19, 2031
<u>Interest Rate/Payable:</u>	12 %
<u>Date Of Purchase:</u>	Before December 31, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from UBS, dated March 31, 2008

Table 10.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	JOSE L. PELUSO
<u>Face Value:</u>	U.S. \$93,000 (remaining value \$52,080)
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. XS0043120236
<u>Date Of Issuance:</u>	March 31, 1993
<u>Date Of Maturity:</u>	March 31, 2005
<u>Interest Rate/Payable:</u>	Floating Interest Rate
<u>Date Of Purchase:</u>	September 15, 1998
<u>Acceleration:</u>	n/a
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Floating Rate and Bond Exchange Agreement, dated December 6, 1992
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from UBS International Inc., dated February 2008.

Table 11.

<u>Plaintiff Bond Holder or Beneficial Owner:</u>	JOSE L. PELUSO
<u>Face Value:</u>	U.S. \$230,000
<u>CUSIP No., ISIN No., BB No.:</u>	ISIN No. US040114AR16 CUSIP No. 040114AR1
<u>Date Of Issuance:</u>	January 30, 1997
<u>Date Of Maturity:</u>	January 30, 2017
<u>Interest Rate/Payable:</u>	11.375 %
<u>Date Of Purchase:</u>	Between August 17, 2001 and November 29, 2001
<u>Acceleration:</u>	December 19, 2007
<u>Contract Documents:</u> (FAA; Indenture; Offering Prospectus; Certificates, etc.)	Fiscal Agency Agreement, dated as of October 19, 1994 (the "1994 FAA")
<u>Evidence of Ownership Proffered:</u> (Account Statements; Letters; Notarized Statements, etc.)	Account statement from UBS International Inc., dated as of February 2008

## **DISCUSSION**

This Court has already granted summary judgment in other cases to plaintiffs seeking to collect on the Republic's defaulted bonds issued under the 1994 FAA, the 1993 FAA and the FRB Agreement. This has occurred in Lightwater, supra, Mazzini v. Republic of Argentina, No. 03 Civ. 8120, 2005 WL 743090 (S.D.N.Y. Mar. 31, 2005), and other cases. Only certain specific issues need to be discussed in connection with the present motion.

### **Standing and Proof of Ownership**

In the two opinions in Fontana v. Republic of Argentina, 415 F.3d 238 (2d Cir. 2005), and Applestein v. Province of Buenos Aires, 415 F.3d 242 (2d Cir. 2005), the Second Circuit has held that an owner of a beneficial interest, such as plaintiffs here, must receive authorization from the registered holder of the bond before it may sue, but that such authorization may be granted subsequent to the filing of a lawsuit. Alternatively, the Republic may waive the authorization requirement.

The Republic has agreed to waive objections based on lack of authorization where the court makes a finding of current ownership. See Transcript, March 28, 2006, Cilli v. Republic of Argentina (04 Civ. 6594).

Here, plaintiffs have adequately demonstrated through their account statements that they owned their beneficial interests as of various dates in 2007 and 2008. There is no evidence of any change of ownership thereafter.

### CONCLUSION

The motion for summary judgment is granted. Judgment will be entered for the principal amount of the bonds issued under the 1994 FAA, the 1993 FAA and the FRB Agreement plus accrued interest.

The parties shall consult with one another concerning the form of the judgment and the amounts of interest that should be awarded in the judgment. If the parties are able to reach agreement, they shall jointly submit an agreed proposed judgment to the Court to be entered on a date agreed to by the parties upon consultation with Chambers. If the parties are unable to reach agreement on those subjects, plaintiff shall submit a proposed judgment to the Court, and the Republic shall submit any objections to the proposed judgment within five business days thereafter. The Court will then resolve any remaining disagreements. Proposed judgments submitted to the Court should include the following language: "It is further ORDERED that, until further notice from the Court, plaintiff(s) must refrain from selling or otherwise transferring their beneficial interest in the bond(s) involved in this action without advising the Court in advance and obtaining permission of the Court."

SO ORDERED.

Dated: New York, New York  
September 26, 2008

  
THOMAS P. GRIESA  
U.S.D.J.